

ORIGINAL



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MEMORANDUM

TO: Docket Control

FROM: Elijah O. Abinah
Director
Utilities Division

DATE: April 26, 2019

RE: STAFF'S RESPONSE TO ORAL COMMENTS IN THE MATTER OF THE
NOTICE OF PROPOSED RULEMAKING REGARDING
INTERCONNECTION OF DISTRIBUTED GENERATION FACILITIES
(DOCKET NO. RE-00000A-07-0609).

Attached is the Staff Report regarding oral comments made by interested parties on the Proposed Rulemaking on Interconnection of Distributed Generation Facilities, pursuant to Decision No. 77056 (January 25, 2019). In Decision No. 77056, the Arizona Corporation Commission ("Commission") ordered the Commission's Utilities Division Staff ("Staff") to file with the Commission's Docket Control on or before April 26, 2019, a document including: (1) a summary of all written comments filed by interested persons after March 25, 2019, and oral comments received at the oral proceedings in this matter; (2) Staff's responses to those comments; and (3) a revised Economic, Small Business, and Consumer Impact Statement or a memorandum explaining why no revision of the prior Economic, Small Business, and Consumer Impact Statement is necessary.

EOA:PCL:elr/MAS

Originator: Patrick LaMere

Attachments

Arizona Corporation Commission

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Nitzan Goldberger
Energy Storage Association
1800 M Street, Northwest, Suite 400S
Washington, District of Columbia 20036

Melissa Krueger
Pinnacle West Capital Corporation
Linda J. Benally
Post Office Box 53999, MS 8695
Phoenix, Arizona 85072

Thad Kurowski
470 East 76th Avenue
Unit 3A
Denver, Colorado 80229

Nicholas J. Enoch
Lubin & Enoch, PC
349 North Fourth Avenue
Phoenix, Arizona 85003

Mark Holohan
Arizona Solar Energy Industries
Association
2122 West Lone Cactus Drive, Suite 2
Phoenix, Arizona 85072

Gregory L. Bernosky
Arizona Public Service Company
Mail Station 9712
Post Office Box 53999
Phoenix, Arizona 85072

Matt Derr
Southwest Gas Corporation
1600 East Northern Avenue
Phoenix, Arizona 85020

Sevasti Travlos
The Alliance for Solar Choice LLC
595 Market Street, 29th Floor
San Francisco, California 94105

Jennifer Kefer
The Alliance for Industrial Efficiency
2609 11th Street North
Arlington, Virginia 22201

Ken Wilson
Western Resource Advocates
2260 Baseline Road, Suite 200
Boulder, Colorado 80302

John Wallace
2210 South Priest Drive
Tempe, Arizona 85282

Neil Kolwey
Southwest Energy Efficiency Project
2334 North Broadway, Suite A
Boulder, Colorado 80304

Amanda Ho
Pinnacle West Capital Corporation
400 North 5th Street, MS 8695
Phoenix, Arizona 85004
Amanda.Ho@pinnaclewest.com
Debra.Orr@aps.com
Kerri.Carnes@aps.com
Consented to Service by Email

Mari Hernandez
Interstate Renewable Energy Council
P.O. Box 1156
Latham NY 12110-1156
mari@irecusa.org
Consented to Service by Email

Michael Patten
Snell & Wilmer, LLP
One Arizona Center
400 East Van Buren Street
Phoenix, Arizona 85004
bcarroll@tep.com
decorse@tep.com
docket@swlaw.com
mpatten@swlaw.com
jthomes@swlaw.com
Consented to Service by Email

Thomas Harris
Distributed Energy Resource Alliance
5215 East Orchid Lane
Paradise Valley, Arizona 85253
Thomas.Harris@DERA-AZ.org
Consented to Service by Email

Meghan H. Grabel
Osborn Maledon, PA
2929 North Central Avenue Suite 2100
Phoenix, Arizona 85012
gyaquinto@arizonaic.org
kruht@omlaw.com
mgrabel@omlaw.com
Consented to Service by Email

Jennifer A. Cranston
Gallagher & Kennedy, P.A.
2575 East Camelback Road
Suite 1100
Phoenix, Arizona 85016-9225
jennifer.cranston@gknet.com
ACCfilings@gcseca.coop
JCanaca@gcseca.coop
Consented to Service by Email

Court S. Rich
Rose Law Group, PC
7144 East Stetson Drive, Suite 300
Scottsdale, Arizona 85251
hslaughter@roselawgroup.com
CRich@RoseLawGroup.com
Consented to Service by Email

Steven Rymsha
Sunrun INC.
595 Market Street, 29th Floor
San Francisco, California 94105
steven.rymsha@sunrun.com
Consented to Service by Email

By:



Edna Luna-Reza
Administrative Support
Specialist

**STAFF REPORT
UTILITIES DIVISION
ARIZONA CORPORATION COMMISSION**

**IN THE MATTER OF THE NOTICE OF PROPOSED RULEMAKING REGARDING
INTERCONNECTION OF DISTRIBUTED GENERATION FACILITIES
DOCKET NO. RE-00000A-07-0609**

STAFF RESPONSE TO ORAL COMMENTS

APRIL 26, 2019

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INTRODUCTION

The Arizona Corporation Commission (“Commission”) Staff hereby files a summary of written comments submitted by interested parties on the proposed Rules since Commission Decision No. 77056 (January 25, 2019) was issued and up to and including March 28, 2019. This report also contains Staff’s responses to the comments filed. The Commission has constitutional and statutory authority to make reasonable Rules, regulations, and orders, by which Public Service Corporations (“PSCs”) shall be governed in the transaction of business within the State and make and enforce reasonable Rules, regulations and orders for the convenience, comfort and safety, and the preservation of the health of the employees and patrons of PSCs. See Arizona Constitution Article 15, Sections 3.¹ The proposed Rules outline technical standards that promote current best practices of interconnection for distributed generation for the Utility, its distribution system, its customers and generating facilities serving customers in the State. This helps ensure the continued safe and reliable operation of the distribution system and enhances long-term system planning.

The Commission issued Decision No. 77056, which ordered the Commission’s Utilities Division Staff (“Staff”) to file, by February 1, 2019, a Notice of Proposed Rulemaking regarding Interconnection of Distributed Generation Facilities with the Office of the Secretary of State for publication. The proposed Rules were filed with the Secretary of State. The Notice of Proposed Rulemaking was published in the *Arizona Administrative Register* on February 15, 2019.

Decision No. 77056 ordered Staff to file with the Commission’s Docket Control on or before April 26, 2019, a document including: (1) a summary of all written comments filed by interested persons after March 25, 2019, and oral comments received at the oral proceedings in this matter; (2) Staff’s responses to those comments; and (3) a revised Economic, Small Business, and Consumer Impact Statement or a memorandum explaining why no revision of the prior Economic, Small Business, and Consumer Impact Statement is necessary.

SUMMARY OF ORAL COMMENTS REGARDING THE PROPOSED RULES

Joan Burke of Mandalay Communities, Inc. recommends that a waiver provision be included in the Rules. Mandalay Communities, Inc. made a similar request on March 20, 2019 in its written comments.

Jennifer Cranston of Grand Canyon State Electric Cooperative Association, Inc. supports the waiver request by Ms. Burke. Ms. Cranston requests that the Interconnection Manual allows some flexibility in addressing the particular circumstances of the individual company submitting the Manual.

Individual rate payer Bruce Plenk requests that a rule be adopted that explicitly says that the Commission will respond to, incorporate and include code changes that are referenced in the proposed Rules. Mr. Plenk offers that such a rule could be included in section R14-2-2626 Utility’s Reporting Requirements and that a requirement be included in each Utility’s Interconnection

¹ The Commission also has statutory authority to ensure the provision of safe and reliable electric service in the State. See, e.g. Arizona Revised Statutes (“A.R.S”) §§ 40-202, 40-203, 40-321, 40-322(A), 40-332(B), 40-336, 40-361, and 40-374.

Manual. Lastly, Mr. Plenk recommends that a Utility may not “unreasonably delay” interconnection of a generating facility that satisfies the requirements of the proposed Rules and the Utility's Interconnection Manual.

Judge Harpring requested that Staff respond and include a discussion of the legal authority specifically for R14-2-2628, and whether that proposed rule is consistent with 7 Code of Federal Regulations ("C.F.R."), Part 1730, Subpart C. Judge Harpring further requested that Staff respond to the following question: If a date in the Rules [for a standard], so either of the IEEE standards with a date or a UL standard with a date, if the updated standard is more stringent than the standard that is in the Rules, would the Utility be able to incorporate a requirement for the more stringent standard in their Interconnection Manual?

STAFF RESPONSES TO ORAL COMMENTS

In regard to a Ms. Burke and Ms. Cranston's comments relating to a waiver provision being included in the proposed Rules, the proposed Rules explicitly establish technical standards that promote current best practices of interconnection for distributed generation for the Utility, its distribution system, its customers and its customers' generating facilities. This helps ensure the continued safe and reliable operation of the distribution system and enhances long-term system planning. Staff is concerned that a waiver provision could result in a lack of consistency in implementing standards contained in the proposed Rules. In a matter of public health and safety, any time there is a conflict with an existing Rule, that the existing statutes allow the Commission to take action and make changes to the rule. The Commission is generally empowered to grant waivers or exceptions without a waiver provision, and the Commission has so held in the past. Accordingly, Staff does not support this change.

In regard to Ms. Cranston's comments on flexibility of Interconnection Manuals based on company type, Staff believes company-specific issues can be resolved in each Utility's Interconnection Manual. The Commission will review and approve each Utility's Interconnection Manual. At that time, Staff encourages each Utility to actively participate to assure all concerns are resolved.

In regard to Mr. Plenk's comments and Judge Harpring's request of Staff on the standards referenced in the proposed rules, Staff believes this concern has been addressed in its April 5, 2019 filing.

Each Utility will submit its Interconnection Manual to the Commission for review and approval. The standards being recited in the proposed Rules, i.e., IEEE 1453, IEEE 519 and UL 1741 are included to ensure safe and reliable operation of the grid. Due to limitations imposed by the rulemaking process, it's not possible to 'future-proof' the standards by referencing future updates. While the proposed Rules include the latest versions of the standards, the Commission approved Utility Interconnection Manual can help keep the standards up-to-date in the future. The proposed Rules apply to all types of Generating Facility technologies, and this approach ensures safe and reliable operation of the grid while staying broad enough to cover all technologies. The proposed Rules recite certain standards without completely deferring to each Utility's

Interconnection Manual to ensure consistent application of industry best practices regarding safety and reliability and establish a baseline which can be built upon.

The standards for Inverter based Export and Non-Export systems, which cover the vast majority of the Distributed Generation systems being interconnected to the Utility distribution system, are provided by the Interconnection Manual. The UL 1741 and UL 1741-SA standards apply to Inadvertent export systems applying under the regular screening process, and Non-export systems and Inadvertent export systems under 20 kW applying under the Expedited Interconnection process.

To reduce discrepancies in future Interconnection Applications, Staff believes when the IEEE 1547 standard is updated and approved, it can be implemented more effectively through each Utility's Interconnection Manual. If referenced in the Rules, a Notice of Supplemental Rulemaking Process would need to be undertaken by the Commission to formally update any standard. This is not necessary at this time and would only result in further delay.

Staff offers the following response to Judge Harpring's request that Staff respond and include a discussion of the legal authority specifically for R14-2-2628, and whether that proposed Rule is consistent with 7 CFR, Part 1730, Subpart C. 7 CFR, Part 1730, Subpart C, contains requirements applicable to RUS borrowers for the interconnection of Distributed Generation resources to their facilities. The legal authority for the Rule would be the same health and safety provisions contained in the Arizona Constitution and statutes that Staff has cited in support of the Rules themselves. Further, any inconsistency to the extent it exists with 7 CFR, Part 1730, Subpart C, can be remedied through the Interconnection Manual.

DISCUSSION OF THE ECONOMIC, SMALL BUSINESS, AND CONSUMER IMPACT STATEMENT

Staff believes that revision to the Economic, Small Business, and Consumer Impact Statement filed on March 15, 2019 is necessary. In its revised filing, Staff offers more detailed description of the costs and benefits associated with the passing of the proposed Rules. Furthermore, Staff has corrected spelling and grammatical errors.